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United States Information Agency

**Office
of
INSPECTOR GENERAL**



**STRATEGIC PLAN
FOR
FISCAL YEARS 1995 AND 1996**

**This plan has been provided to the following
Congressional oversight committees:**

**Senate Committee on Appropriations
Senate Committee on Foreign Relations
Senate Committee on Government Operations
House Committee on Appropriations
House Committee on Foreign Relations
House Committee on Government Operations**

Inspectors General Vision Statement

We are agents of positive change striving for continuous improvement in our agencies' management and program operations and in our own offices.

Statement of Reinvention Principles

We Will:

- ***Work with our agency head and the Congress to improve program management.***
- ***Maximize the positive impact and ensure the independence and objectivity of our audits, investigations and other reviews.***
- ***Use our investigations and other reviews to increase Government integrity and recommend improved systems to prevent waste, fraud and abuse.***
- ***Be innovative and question existing procedures and suggest improvements.***
- ***Build relationships with program managers based on a shared commitment to improving program operations and effectiveness.***
- ***Strive to continually improve the quality and usefulness of our products.***
- ***Work together to address Government-wide issues.***

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CHAPTER ONE

Overview

Introduction

In January 1994, the Inspectors General issued the *Inspectors General Vision Statement*. This statement is a response to President Clinton's "reinventing government" mandate and the National Performance Review recommendations. In their vision statement, the Inspectors General made a commitment to work with their respective agency heads and the Congress to improve program management, to maximize the positive impact of audits, inspections and other reviews, and to recommend improved systems to prevent waste, fraud and abuse. This vision statement, and the recommendations of the National Performance Review, are the foundation upon which OIG structured this plan.

The United States Information Agency (USIA), as a foreign affairs agency, has been significantly affected by the post-Cold War transformation. It is an agency in transition, an agency engaged in massive restructuring. The Office of Inspector General (OIG), as an independent evaluative resource, plans to focus its effort on issues which assess USIA's: (1) achievement of mission and program goals; (2) cost effectiveness; (3) adequacy of financial management and internal controls; and (4) regulatory compliance.

The plan covers OIG activities for fiscal years 1995 and 1996. The individual assignments, grouped by issue area, are set forth in a subsequent chapter. The plan also includes a brief notation of the assignments carried over from fiscal year 1994 that are still in progress.

USIA - An Agency in Transition

The United States Government operates in an international environment that has undergone its most radical change in 50 years. The world is being shaped by a democratic revolution in many regions that is driven by new information technologies that amplify the power of ideas. Therefore, as the Government's primary diplomatic institution for understanding and influencing foreign public opinion, USIA faces both unusual challenges and opportunities to achieve major national objectives.

In a recent concept paper entitled, "American Foreign Policy In An Information Age," the Director of USIA, Joseph Duffey, provided a summary of discussions among USIA officials about how USIA can best serve American interests in the post-Cold War world. Principal among these discussions was the agreement that fundamental changes need to be made in the organizational structure and programs of USIA.

The first step was the proposal (since approved by Congress) to reorganize all United States civilian overseas broadcasting elements, the Voice of America, Radio Free Europe, and Radio Liberty, and to place them under the umbrella of USIA. Other steps include:

- **Creating a worldwide electronic and human information network** by bringing together information and communications capabilities—starting with those now at USIA, and later linking up with other foreign affairs agencies—into a worldwide, publicly accessible, U.S. electronic information network.
- **Strengthening America's economic competitiveness** through its contacts and its work with educational and cultural exchange programs. USIA has large networks that can be used to strengthen international commerce.
- **Realigning USIA's presence abroad** through its posts in 147 countries. The posts provide a direct outlet for articulating national interests, and an ear-to-the-ground through which America can listen.
- **Consolidating exchanges** to coordinate the full range of America's international exchange programs—political, professional, scholarly and artistic.
- **Reorganizing and refocusing USIA's components by:** (1) reorganizing USIA's Directorate; (2) creating a new Bureau of Information; (3) restructuring the Office of Research and the Media Reaction unit; (4) dividing the current Office of European Affairs into an Office for Western Europe and an Office for Eastern Europe; (5) restructuring the Bureau of Management; and (6) addressing specific personnel, training and technology issues.

OIG - An Independent Evaluative Resource

USIA's plan for restructuring and redefining its mission objectives will require an extraordinary amount of objective assessment and unbiased evaluation, coupled with a realistic understanding of personnel ceilings and budgetary constraints—a role ideally suited for OIG.

As an independent evaluative resource, OIG intends to play a significant role in assisting USIA in meeting its objectives. Accordingly, OIG structured its plan to best help USIA in its efforts, and simultaneously fulfill OIG's mandated functions to promote economy and efficiency, and to prevent waste, fraud and abuse.

Plan Formulation and Focus

OIG prepared the plan in accordance with the guidelines established by the Office of Management and Budget Circular A-73, "Audits of Federal Operations and Programs," and the standards set by the President's Council on Integrity and Efficiency. Taken into consideration, also, were the results of discussions with USIA management and with cognizant officials in the Department of State and the Office of Management and Budget. In addition, the plan includes Inspector General Marian C. Bennett's commitment to examine certain issues discussed during her Senate confirmation hearing in September 1993.

The International Broadcasting Act of 1994 (P.L. 103-236) provides for the consolidation of all USIA international broadcasting activities, Radio Free Europe and Radio Liberty, and placing them under USIA's International Broadcasting Bureau. Section 308 (i) of the Act authorizes USIA's OIG to exercise the authorities of the Inspector General Act of 1978 with respect to Radio Free Europe and Radio Liberty beginning in fiscal year 1996. Accordingly, OIG closely coordinated the formulation of this plan with the current Inspector General of the Board for International Broadcasting. For the purpose of reflecting continuity of oversight, on-going assignments, and work projected for initiation in fiscal years 1995 and 1996, the Board of International Broadcasting OIG and the USIA OIG agreed to include the work of both offices in this plan.

The plan is a proposed schedule of audit and inspection reviews based on current conditions in USIA. Since OIG operates in a foreign affairs agency faced with the challenge of functioning in a rapidly changing international environment, and subject to shifting priorities, OIG's strategic plan is also subject to change.

In addition, due to the sensitivity of investigative activities and the need to prevent the compromise of on-going or contemplated actions, specific jobs or assignments to be

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conducted by OIG's investigative component are not included in this plan. OIG, however, will continue to emphasize investigations which have a major positive result on USIA operations and promote integrity in Government.

The plan covers fiscal years 1995 and 1996. It concerns issues central to the effective and efficient attainment of USIA's objectives:

A - Achievement of Agency Mission and Program Goals

To determine if USIA's programming efforts are clear, consistent with current mission priorities, and being accomplished.

B - Cost Effectiveness

To determine if USIA can improve the cost effectiveness of its programs and operations through consolidation, streamlining, private funding, or improved technology.

C - Adequacy of Financial Management and Internal Controls

To determine if USIA's steps to provide for sound financial management and effective internal controls are adequate.

D - Compliance With Laws, Regulations and Grant and Contract Terms

To determine if USIA, its grantees, and contractors comply with all applicable laws, regulations, grant, and contract terms.

CHAPTER TWO

USIA Profile

Mission

The United States Government has engaged in foreign information programs, international broadcasting, and publicly funded educational and cultural exchange programs since World War II. Those public diplomacy activities evolved throughout the 20th century as the United States became a world power and as communications technology advanced.

Since 1953, USIA has been charged with the conduct of public diplomacy within the foreign policy parameters set by the Department of State. The Director of USIA reports directly to the President. Principal authority for United States public diplomacy is contained in the Smith-Mundt Act of 1948 and the Fulbright-Hays Act of 1961.

USIA's organization has changed over time, and its mission statements have varied in thematic emphasis. However, USIA's core purposes remain constant. Specifically, they are to:

- explain and advocate the policies of the United States in terms that are credible and meaningful in foreign cultures;
- provide information about the United States, its people, values and institutions;
- build lasting relationships and mutual understanding through the exchange of people and ideas; and
- advise the President and other policy makers on the conduct of public diplomacy and on foreign public opinion and its implications for proposed policies.

Organizational Structure

A chart reflecting the current organization of USIA is on page 7. The President appoints, and the Senate confirms the Director, the Deputy Director, four Associate Directors, and the Inspector General.

USIA's current programs include a network of overseas operations, including 211 posts and cultural and reference resource centers located in 147 countries; the Voice of America, broadcasting worldwide in over 40 languages; the Worldnet television system; radio and television broadcasting to Cuba; the Fulbright scholarship, International Visitor, and other educational exchange programs; the U.S. Speakers program; and the Wireless File. In addition, USIA funds the National Endowment for Democracy, the East-West Center in Honolulu, and the North/South Center in Miami.

Budget and Staffing

USIA's enacted appropriation for fiscal year 1995 totals \$1.37 billion. A chart summarizing USIA's 1994 and 1995 enacted appropriations is displayed on page 8.

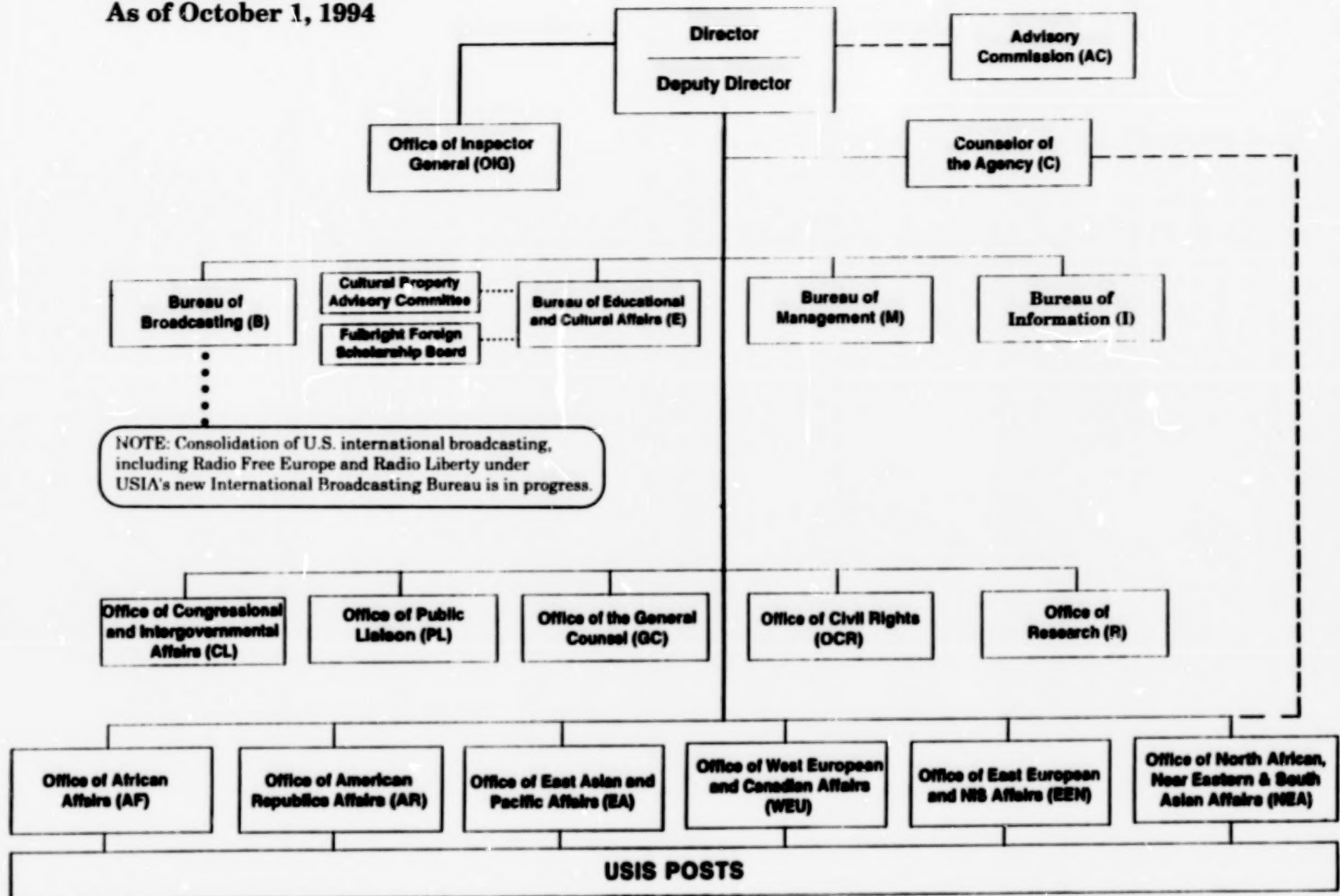
Current authorized staffing for USIA totals 8,594 positions which consists of 5,100 American personnel and 3,494 foreign nationals employed abroad. About 1,000 Americans are assigned overseas, and 4,096 are in the United States.

United States-based personnel conduct broadcasting operations of the Voice of America, radio and television broadcasting to Cuba, and the Worldnet Television and Film Service. They also coordinate educational and cultural exchange programs, maintain centers to assist foreign journalists assigned to the United States, produce support materials for field posts, recruit speakers to go abroad, and provide program direction, research, management, and administrative services for USIA as a whole.

Overseas, American and foreign national personnel carry out and support public diplomacy activities at United States Information Service (USIS) posts in 147 countries; and for the Voice of America, operate technical facilities and provide program materials.

United States Information Agency

As of October 1, 1994



United States Information Agency

Comparison of 1995 Amended Request and Enacted Appropriations (P.L. 103-317)

(Funds in thousands)

	1994 Enacted Approp. a/	1995 Amended Request b/	1995 Enacted Approp. c/	1995 Amended Request/ Compared Enacted Approp.
Salaries and Expenses.....	\$472,665	\$480,362	\$476,362	(\$4,000)
Educational and Cultural Exchange Programs.....	242,000	236,312	238,279	1,967
Office of Inspector General.....	4,247	4,247	4,300	53
East-West Center.....	26,000	24,500	24,500	0
North/South Center.....	7,700	0	4,000	4,000
National Endowment for Democracy.....	35,000	45,000	34,000	(11,000)
Eisenhower Endowment.....	0	0	2,500	2,500
Subtotal, USIA Non--Broadcasting.....	787,612	790,421	783,941	(6,480)
Broadcasting:				
International Broadcasting Operations:				
VOA/WORLDNET S&E.....	244,612	234,152	239,061 f/	4,909
BIB-RFE/RL.....	210,000	256,708	229,735 d/	(26,973)
Subtotal, IBO.....	454,612	490,860	468,796	(22,064)
Radio Free Asia e/.....	2,200	10,000	10,000	0
Broadcasting to Cuba.....	21,000	27,518	24,809	(2,709)
Radio Construction.....	84,864	108,971	85,314 f/	(23,657)
Total, Broadcasting.....	562,676	637,349	588,919	(48,430)
1995 Total, Federal Funds.....	1,350,288	1,427,770	1,372,860	(54,910)
Eisenhower Fellowship Trust Funds.....	300	300	300	0
Israeli Arab Scholarship Trust Funds.....	397	397	397	0
Deduct Procurement Reform Savings Amendment.....	0	(1,440)	(1,440)c/	0
1995 Total.....	1,350,985	1,427,027	1,372,117	(54,910)

a/ Amounts in 1994 and 1995 for S&E, Exchanges, and VOA/WORLDNET S&E are shown on a comparative basis to match composition of 1995 enacted appropriation.

b/ Initial budget amendment reduced request by \$1,953,000 for GSA space rental savings (S&E, \$1,862,000; Broadcasting to Cuba, \$91,000). Also includes budget amendment for procurement reform savings totaling \$1,440,000 (S&E, \$717,000; VOA/WORLDNET S&E, -\$723,000).

c/ The 1995 appropriation will require added S&E program cuts of \$4,000,000. Added cuts will also be required to accommodate mandated procurement process savings (S&E, \$717,000; VOA/WORLDNET S&E, -\$723,000) and to cover added salary costs to the extent the approved Federal pay raise exceeds the 1.6% budget amount.

d/ Assumed carryover of \$16,973,000 for RFE/RL to provide full request level. Carryover not available due to exchange rate losses.

e/ The budget request and the House allowance included \$10 million for Radio Free Asia within the International Broadcasting Operations account; the Senate Committee set up a new separate account, which was enacted.

f/ VOA/Worldnet TV allowance includes an earmark of \$5 million for China Focus and other broadcasts to Asia; Radio Construction includes earmark of \$5 million to be used for construction of new relay station in Tinian for VOA and RFA.

CHAPTER THREE

OIG Profile

Mission

Congress enacted the Inspector General Act of 1978 to establish independent and objective Office of Inspectors General (OIG) in federal agencies. The OIGs were to increase the economy and efficiency of their respective agencies. USIA's OIG was first established in 1983. This office became a statutory entity pursuant to the 1988 amendments to the Inspector General Act. The mission of the office is to:

- Conduct, supervise, and coordinate audits, investigations and inspections relating to the domestic and foreign programs and operations of USIA for the purpose of promoting economy, efficiency and program effectiveness, and for detecting and preventing waste, fraud and abuse;
- Receive and investigate complaints or information concerning possible violations of law, rules, regulations, mismanagement, waste of funds, abuse of authority or a substantial and specific danger to the public health and safety; and,
- Keep the Director of USIA and Congress fully and currently informed about problems and deficiencies relating to USIA's programs and operations, and the necessity for and progress of corrective actions.

Organizational Structure

An Inspector General appointed by the President and confirmed by the Senate heads the office. Each of the three operational offices of Audit, Investigations and Inspections, is headed by an Assistant Inspector General. The Office of Administration and Management provides overall support.

The incumbent Inspector General was sworn in on December 20, 1993. Since then, the office has been engaged in a restructuring effort. As a result, the first independent legal counsel for the office was hired in the summer of 1994. In addition, the role of the Inspections component has been expanded from the traditional overseas post inspections to include the evaluation of management and other internal controls of USIA programs and operations. Efforts are also in progress to realign and strengthen OIG's management and administrative operations.

Functions of OIG's operational components are as follows:

The Office of Audit is responsible for all audit activities relating to USIA's programs and operations. Changes in regulations, policies, and procedures are recommended based on audit findings to ensure adequate financial accountability and reporting, efficient and economic use of resources, and effective achievement of desired results. Evidence of fraud, waste or misconduct may result in a referral for investigative action or recommendation for disciplinary action.

The Office of Investigations conducts criminal, civil and administrative misconduct investigations. Criminal cases are referred to the Department of Justice for prosecutive review. In addition, the Office of Investigations engages in proactive fraud detection activities and conducts fraud awareness and employee orientation programs. It is also responsible for the OIG Hotline.

The Office of Inspections is responsible for the inspection of all USIA programs and operations. The inspections fulfill part of OIG's task of providing the Director of USIA with systematic and independent evaluations of the USIA's domestic elements and its overseas posts. Inspections are distinct from audits and investigations in that they are, as the President's Council on Integrity and Efficiency notes, "more akin to policy and program evaluations" representing a process using different methods and techniques to evaluate, review, and analyze programs and program management. Inspections thus provide timely information to program managers for decision making, program improvements, and administrative action.

Results of OIG's activities are forwarded to USIA management for review and action. In addition, significant findings and recommendations are reported to Congress and the Director of USIA semiannually. OIG's semiannual reports are also distributed to USIA's management and executive offices and to all domestic and overseas units. Copies of OIG's semiannual reports can be obtained by calling (202)-401-7148 or by FAX at (202)-401-7666.

Budget and Staffing

The 1994 budget plan and the projected plan for fiscal years 1995 and 1996 follow:

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Salaries and Expenses	\$3,604,000	\$3,739,000	\$4,004,000
Travel	324,000	287,000	325,000
Contract Support	245,000	200,000	317,000
Miscellaneous	<u>74,000</u>	<u>74,000</u>	<u>79,000</u>
TOTALS	\$4,247,000	\$4,300,000	\$4,725,000

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The 1994 staffing plan and the projected plan for fiscal years 1995 and 1996 follow:

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
<u>Full-Time Positions</u>			
Civil Service	45	45	47*
Foreign Service	<u>7</u>	<u>6</u>	<u>5</u>
TOTALS	52	51	52
 <u>Part-Time Positions</u>			
Temporary and Intermittent	7	7	7
 TOTAL AUTHORIZED STAFF	59	58	59

* Reflects increase in staff resulting from transfer of resources from the Board for International Broadcasting OIG to the USIA OIG.

CHAPTER FOUR

Assignments by Issue Area

A - Achievement of Mission and Program Goals

To determine if the objectives of USIA's programming efforts are clear, consistent with current mission priorities, and are being accomplished.

Activities planned for fiscal year 1995 and 1996 will address the following:

A1 - USIA Resource Allocation to Western Europe

A2 - USIA Printing and Publishing Activities

A3 - Overseas Posts

A1 - USIA Resource Allocation to Western Europe

Background: USIA ranks its country programs primarily on the basis of strategic and economic considerations. In the past, USIA's standard of measurement favored Western Europe in resource allocations. However, the post-Cold War era and budget reductions in the Executive Branch have created new conditions and priorities which require rethinking old assumptions and reexamining past practices. As a result, questions arise concerning the extent to which USIA is investing resources in Western Europe and Canada— areas that are friendly to the United States and share common outlooks and values. Congressional observers of USIA programs in Western Europe and Canada have already questioned the need for libraries in these information-rich societies.

USIA is also involved in Western Europe through VOA's effort to reach young, politically active Europeans through medium wave and FM broadcasts. Called VOA Europe, this broadcasting endeavor has been in operation since 1985. It is an attempt to involve young Europeans in "a modern American radio station" transmitting news, information, and Americana content. The major question is whether there is a continuing need for a broadcasting operation whose output consists of roughly 60 percent music. Additional questions include (1) the need to broadcast in English and (2) the rate of success by VOA Europe in reaching its target audience, the successor generation between 18 and 40 years of age.

Scope and Objective: OIG will review the basis on which resource priorities have been established with a focus on resources allocated to Western Europe. Programs like VOA Europe will be included as part of the review.

Anticipated Start Date: 3rd quarter FY 1995

A2 - USIA Printing and Publishing Activities

Background: USIA's printing and publishing activities are now the responsibility of the newly established Information Bureau. The Information Bureau will print Agency products, including publications, posters, books, and other printed materials identified as necessary for their public diplomacy initiatives. For example, one of the printing facilities operated by the Bureau is the Regional Services Center in Manila which prints USIA's pamphlets and publications. The fiscal year 1993 budget for the Regional Service Center was \$946,000.

The Bureau also manages the book publishing and translation program formerly run by the Bureau of Educational and Cultural Affairs. This program assists independent publishers who have a commercial interest in producing translated versions of American classics, contemporary works, and low-priced English language reprints of original works. During fiscal year 1993, almost a million books were published. Since the program's inception, approximately 190 million books have been published. Approximately \$2,187,000 was allocated in the fiscal year 1993 budget for the book translation and English reprint program.

Scope and Objective: OIG will review the Information Bureau's printing and publishing activities, including those noted above, in the context of USIA's current goals and priorities. OIG will also identify any opportunities to further reduce costs.

Anticipated Start Date: 1st quarter FY 1995

A3 - Overseas Posts

Background: Field programs play a pivotal role in USIA's function as the primary agent of United States public diplomacy. USIA has posts in 147 countries staffed by about 800 American officers. The officers are supported by over 3,000 foreign service national employees. Approximately 23 percent of USIA's total budget is devoted to these overseas operations.

To determine budgeting for its overseas posts, USIA applied a resource allocation mechanism based on a set of primary criteria and categories. USIA measures all overseas posts against these criteria annually and divides them into six groups—resource allocation groups (RAGs)—beginning at the top with RAG-I posts.

The current RAG document, issued in November 1993, lists 20 posts in the RAG-I and RAG-II categories. In view of their high ranking, these posts command significant human and material resources.

Scope and Objective: Annually, OIG will select three or four posts from the RAG-I and RAG-II categories for review and evaluation. The reviews will be guided by the Inspector General Act of 1978, as amended, and the standards established by the President's Council on Integrity and Efficiency. As feasible, OIG will also coordinate with the Department of State OIG in conducting joint overseas post inspections. In such a joint venture, inspectors from USIA OIG will join a State OIG team for all or part of an inspection trip, sharing and exchanging expertise and information on a Mission's public diplomacy program. By assessing the management and direction of public diplomacy programs at selective posts, OIG will determine if:

- the objectives of USIA programs at these posts are clear, consistent and being accomplished;
- resources are used efficiently and effectively;
- controls are sufficient to prevent waste, fraud and abuse;
and
- rules and regulations are observed.

Anticipated Start Dates:

Mexico - 2nd quarter FY 1995

Egypt and Israel - 2nd quarter FY 1995

Russia and Ukraine - 3rd quarter FY 1995

[Joint USIA - State] Argentina, Paraguay, Uruguay - 3rd quarter FY95

[Joint USIA - State] Australia and New Zealand - FY 1996

[Joint USIA - State] Germany - FY 1996

Japan - FY 1996

Canada - FY 1996

Other relevant fiscal year 1994 assignments that are still in progress include:

• **North/South Program**

The North/South Center was founded in 1984 as a forum for the creative interaction of academic, business, civic, and government leaders interested in advancing cooperation throughout the Western Hemisphere. The purpose of OIG's review is to determine the efficiency and effectiveness of the program.

• **USIA's International Exchange Programs**

USIA administers international exchange programs to enhance communication and understanding between the United States and other societies. During fiscal year 1993, USIA's international exchange programs supported more than 30,000 participants at a cost of \$275 million. OIG's assessment of the programs will relate to the adequacy of planning and resource allocation, program control, and program evaluation. Exchange programs in the Newly Independent States will be a major focus of the review.

- **USIA's Educational Advising Program**

OIG's review involves a survey of educational advising and student services provided through USIA, its grantee organizations, and others. The purpose of the review is to assess the efficiency and effectiveness of this worldwide program. The review will also explore the potential of developing and improving the program in ways that could expand the number of paying foreign students in the United States.

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B - Cost Effectiveness

To determine if USIA can improve the cost effectiveness of its programs and operations through consolidation, streamlining, private funding, or improved technology.

Activities planned for fiscal years 1995 and 1996 will address the following:

- B1 - International Broadcasting Consolidation
 - B2 - J-1 Visa Program
 - B3 - USIA-Produced TV Programs
 - B4 - Survey and Risk Analysis of Post Automation
 - B5 - Southern African USIS Posts
 - B6 - Consolidation of Domestic Administrative Support -
USIA, State, ACDA, AID
 - B7 - Radio Free Europe and Radio Liberty Relocation to Prague
 - B8 - Radio Free Asia Start-Up Activities
 - B9 - Bureau of Information
 - B10 - VOA's Office of Affiliation Relations
-

B1 - International Broadcasting Consolidation

Background: The United States International Broadcasting Act of 1994 established a Broadcasting Board of Governors under the umbrella of USIA to oversee and provide guidance to the new International Broadcasting Bureau. The Bureau will be responsible for United States surrogate and other international broadcasting and will make and supervise grants to Radio Free Europe, Radio Liberty, and Radio Free Asia. As required by the Act, an implementation plan has been submitted to the President by the Director of USIA.

Scope and Objective: OIG will: (1) review the International Broadcasting Bureau's progress in implementing the consolidation plan; (2) identify any areas where additional consolidation or streamlining might be possible; and (3) assess the Bureau's management controls, including its controls over grants to surrogate broadcasters. Areas to be reviewed for potential consolidation or streamlining will include management and support, engineering and technical operations, overseas relay stations, and broadcast leases.

Anticipated Start Date: 3rd quarter FY 1995

B2 - J-Visa Program

Background: Both OIG and the General Accounting Office (GAO) identified problems and abuses in USIA's exchange visitor programs, including the au pair program. GAO, in its February 1990 report, found that certain activities and programs were inconsistent with legislative intent and that USIA's oversight was inadequate to ensure the integrity of the program. GAO stated that Congress may want to consider whether the programs cited should be included under other visas or explicitly provided for in the law. GAO also made several specific recommendations to the Director of USIA.

Scope and Objective: OIG will conduct a followup review to assess: (1) the need to improve USIA's screening and oversight of J-1 visa sponsors and sponsors screening and oversight of participants, including au pairs; (2) the relationship between nonprofit sponsors and their profit-making foreign affiliates; (3) the types of abuses that OIG identified in its audits and investigations; and (4) the status of USIA actions initiated to address the problems identified by GAO..

Anticipated Start Date: 1st quarter FY 1995

B3 - USIA-Produced TV Programs

Background: USIA's Office of Worldnet Television and Film Service provides USIA posts worldwide with satellite programming on a variety of issues. The Worldnet Television and Film Service produces some programs with foreign language translations, but most are acquired from private production sources. The in-house produced programs include *Dialogue*, a live satellite telepress

conference in an interactive forum in which international political figures and professionals speak directly with American officials or experts in various fields.

The fiscal year 1995 annual plan for production costs for the Office of Worldnet Television and Film Service is approximately \$2.4 million for in-house produced shows and \$789,000 for acquired materials. These figures exclude transmission costs, technical operations, salaries, and other costs.

Scope and Objective: OIG will review USIA's Office of Worldnet Television and Film Service's production operations to determine their cost-effectiveness in achieving the program objectives set by USIA management and USIS overseas posts. In addition, OIG will seek to determine the program's impact and relevance to USIS operations and USIA goals.

Anticipated Start Date: 4th quarter FY 1995

B4 - Survey and Risk Analysis of Post Automation

Background: OMB Circular A-130, "Management of Federal Information Systems, Appendix III," requires federal agencies to establish and maintain a program to conduct periodic risk analyses of automated data processing and telecommunications systems. Complete information regarding USIA's overseas automated data processing and telecommunications activities necessary to conduct such an analysis is not currently available.

Scope and Objective: OIG will review USIA's automated data processing systems at selected overseas locations to test USIA's ability to assure:

- That automated information systems operate effectively and accurately;
- That there are appropriate technical, personnel, administrative, environmental, and telecommunications safeguards in automated information systems; and
- The continuity of operations of automated information systems that support critical USIA functions.

OIG will work closely with the participating Area Offices in developing cost-effective survey techniques, including the use of a computerized risk analysis program. Where appropriate, OIG will identify and assess system vulnerabilities and make recommendations for corrective actions.

Anticipated Start Date: 1st quarter FY 1995

B5 - Southern African USIS Posts

Background: USIA maintains 37 country posts in sub-Saharan Africa. Of these, approximately 22 posts are each run by a single American foreign service officer with the support of foreign service national employees. For budgeting purposes, USIA has divided its worldwide posts into six resource allocation groups (RAGs), with the most significant being classified as RAG-I posts. Most of the 27 African posts are in the RAG-VI category.

The reordering of United States strategic interests and foreign policy priorities and the current budgetary exigencies in USIA underline the need to examine the cost effectiveness of and rationale for maintaining the status quo of USIA's programs and operations in sub-Saharan Africa.

Scope and Objective: OIG will conduct a review of USIS posts in sub-Saharan Africa. The review will determine whether to consolidate the management of the USIS posts in Botswana, Swaziland, Lesotho, Malawi, and Mauritius under a regional office based in Pretoria or Johannesburg, South Africa. If a regional southern African office proves feasible, South Africa would be a natural site because of its developed infrastructure and reliable service and travel facilities. The regional office, however, would be independent of the South Africa USIS post.

Anticipated Start Date: 4th quarter FY 1995

B6 - Consolidation of Domestic Administrative Support - USIA, Department of State, Arms Control and Disarmament Agency and the Agency for International Development

Background: Section 122 of the 1994-1995 authorization bill for the Department of State and related agencies requires that State, jointly with USIA, the Arms Control and Disarmament Agency, and the Agency for International

Development, provide a report on the feasibility of consolidating their respective administrative operations. The report is due no later than 180 days after enactment (October 1994) and is to provide specific recommendations for implementation to relevant Congressional committees.

Scope and Objective: OIG, jointly with the OIGs at the Department of State and the Agency for International Development, will review and assess the Agencies' recommendations.

Anticipated Start Date: To be determined based on discussions with State and the Agency for International Development OIGs.

B7 - Radio Free Europe and Radio Liberty (RFE/RL) Relocation to Prague

Background: President Clinton and the Congress approved moving RFE/RL's broadcast operations to Prague, the Czech Republic. Congress appropriated \$229 million for RFE/RL operations in fiscal year 1995. In the Conference Report accompanying the Appropriation Bill, conferees stated that they are "extremely concerned about the preliminary cost estimates for the move and the ongoing operations of the Radios." The Conference Report further states that they (the conferees) are "absolutely committed to limiting the cost of the move to Prague." In this regard, the fiscal year 1995 Appropriation Bill contains a provision that only funds provided to the Board for International Broadcasting may be used to move RFE/RL to Prague, and that funds provided for other international broadcasting (i.e. VOA) may not be used. The Prague relocation Programming Request identified \$19.3 million as the cost to move RFE/RL to Prague and almost \$100 million to terminate the RFE/RL operations in Munich.

Scope and Objective: OIG will track and monitor RFE/RL's progress and expenditures during the relocation to Prague, projected to be completed by July 1995. Costs incurred will be compared to budgeted amounts and actual progress will be compared against projected milestones. Quarterly status reports will be produced showing the results of the comparisons. In addition, problems will be identified for corrective action.

The Board of International Broadcasting, OIG will conduct the review in Munich and Prague and will submit four status reports and a final report.

Anticipated Start Date: 1st quarter FY 1995

B8 - Radio Free Asia Start-Up Activities

Background: The International Broadcasting Act of 1994 authorized the establishment of Radio Free Asia under the Broadcasting Board of Governors. The Congress has appropriated \$10 million for fiscal year 1995 to fund start-up activities. However, some members of Congress questioned whether such a broadcasting service was technically feasible or cost-effective. Specifically, Radio Free Asia is required to use existing government transmitters and other capital equipment to avoid costly start-up expenses. However, the question remains whether existing resources are available and sufficient to support Radio Free Asia.

Scope and Objective: OIG will review the first year of Radio Free Asia activities, with a specific focus on the steps being taken to comply with Congressional restrictions. The review will examine the feasibility of establishing a radio broadcast service to Asia without incurring capital expenses. In addition, staffing and personnel compensation for Radio Free Asia employees will be examined.

Anticipated Start Date: FY 1996

B9 - Bureau of Information

Background: Effective October 1, 1994, USIA implemented a significant reorganization, transferring functions that had been in the Bureau of Policy and Programs and the Bureau of Educational and Cultural Affairs and placing them in a new, unified and technically modernized Bureau of Information. The new bureau will handle both Fulbright-Hays and Smith-Mundt authorized programs, including USIA's Wireless File, foreign press centers, speakers programs, and resource and reference resources. As part of this consolidation, USIA plans to invest in computer system upgrades and training to provide information network servicing for USIA and, over time, for other foreign affairs agencies.

Scope and Objective: OIG will review the status of the newly created Bureau of Information one year after its inception, including the progress made in streamlining its operations, establishing the information network, and implementing management controls.

Anticipated Start Date: FY 1996.

B10 - Voice of America's Office of Affiliation Relations

Background: VOA's affiliation program is run by the Office of Affiliation Relations and Audience Analysis in the Bureau of Broadcasting. The program is a major USIA initiative to place VOA programs on foreign medium-wave radio stations (AM or FM) at a time when listenership to shortwave radio broadcasts is declining. With the end of the Cold War, VOA signed its first affiliate agreements between 1989 and 1991 with stations in Eastern Europe and the former Soviet Union. Since then, the effort has become worldwide. USIA management attaches great significance to this program.

Scope and Objective: OIG will review the management, operations, and budget of the program to assess its success in accomplishing its objectives. This will include weighing the cost of broadcast affiliate agreements against their benefit to USIA and evaluating the effectiveness of program management at VOA offices in Washington and Munich. Moreover, OIG will assess the character and influence of affiliate stations, their use of VOA programs, and the effectiveness of the broadcasts.

Anticipated Start Date: FY 1996

Other relevant fiscal year 1994 assignments that are still in progress include:

- **Construction and Operation of VOA Relay Stations**

To reach new audiences, USIA made significant expenditures for the construction of VOA relay stations in Sao Tome and Sri Lanka. An audit is in progress to review construction projects and operations at each location.

- **English Teaching**

USIS posts collect funds for tuition payments and sales of USIA produced English teaching materials. During fiscal years 1991 through 1993, USIS posts collected \$4.9 million from such activities. The posts use these funds to support the English teaching program and related activities. OIG is conducting a series of reviews to measure the effectiveness of financial, administrative, and program controls over direct English teaching programs in the Middle East and Africa.

- **USIA Relations With Binational Centers**

The purpose of this review is to determine if funds going to binational centers are being properly monitored by USIA. The review will also assess USIA's support for these centers and explore the potential for private sector involvement, including funding.

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C - Adequacy of Financial Management and Internal Controls

To determine if USIA's steps to provide for sound financial management and effective internal controls are adequate.

Activities planned for fiscal year 1995 and 1996 will address the following:

- C1 - Financial Management System Development Issues
 - C2 - Controls Over USIA's American Express Charge Card Program
 - C3 - Personal Use of USIA Telecommunications System
 - C4 - Federal Managers' Financial Integrity Act
 - C5 - Contracted Advisory and Assistance Services
 - C6 - Radio Warsaw Europe
 - C7 - Radio Czech Europe
 - C8 - Open Media Research Institute
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C1 - Financial Management System Development Issues

Background: USIA is currently reexamining its entire financial management system with the goals of: (1) providing improved financial information services to domestic and overseas managers; (2) ensuring continued accountability for all basic financial functions; (3) realizing substantial efficiencies in administrative operations; and (4) providing maximum flexibility to meet future demands.

Scope and Objective: OIG will assist USIA as it reexamines its financial management system through an independent review and assessment of the factors considered at each critical stage.

Anticipated Start Date: FY 1995 and FY 1996, as appropriate

C2 - Controls Over USIA's American Express Charge Card Program

Background: In July 1994, USIA announced implementation of the American Express Government charge card program and completion of the final phase of decentralizing the authority to handle employees' personal account data. OIG discovered a lack of oversight before and after Government card decentralization, employee use of the cards for personal expenses, and untimely payments to American Express.

Scope and Objective: OIG will examine USIA's procedures to manage the American Express Government card program, and will assess employee use of the card on a USIA-wide basis. OIG will identify the extent of problems and abuses within the system and determine the need for improved guidelines and management controls.

Anticipated Start Date: 1st quarter FY 1995

C3 - Personal Use of USIA Telecommunications System

Background: The Department of State OIG recently reported that more than 50 investigations have been conducted during the past few years into the misuse of United States Government telecommunication devices, telephone credit cards, facsimile machines, and telephones. The dollar value has varied per investigation from approximately \$150 to as much as \$35,000, most related to personal long-distance telephone calls. One investigation disclosed that an employee had 493 hours of personal calls over a nine-month period.

Scope and Objective: OIG will conduct a review of USIA controls over its telecommunications devices to determine whether (1) effective controls have been implemented to prevent their misuse, (2) the costs of personal use of these devices are being reimbursed, and (3) abuses are being dealt with effectively.

Anticipated Start Date: 2nd quarter FY 1995

C4 - Federal Managers' Financial Integrity Act

Background: The Federal Manager's Financial Integrity Act of 1982 requires that agency heads forward a report to the President by December 31 of each year

that provides evaluations of agency internal control programs, weaknesses found, and plans for corrective action. The USIA Manual of Operations and Administration states that the OIG is responsible for annually reviewing USIA's Internal Control Program and reporting to the Director on its operation. OIG's prior report, dated December 22, 1993, concluded that USIA had made significant progress in correcting high risk material weaknesses during fiscal year 1993. OIG will continue to work with USIA personnel in accomplishing additional improvements including decisions on replacement of its existing core accounting system, updating Agency policies, and conducting training for USIA officials on management controls.

Scope and Objective: OIG will conduct a limited review to evaluate USIA's current internal control reporting process and supporting documentation for completed and pending corrective actions previously reported. OIG will also review the final draft of USIA's 1994 Federal Managers' Financial Integrity Act Report to ensure its accuracy.

Anticipated Start Date: 1st quarters FY 1995 and FY 1996

C5 - Contracted Advisory and Assistance Services

Background: The Money and Finance Enactment Act of 1982, codified in Title 31 United States Code, Section 1114(b), requires Inspectors General to submit annually to Congress an evaluation of contracted advisory and assistance services. Office of Management and Budget Circular Number A-120 defines advisory and assistance services as those services acquired from non-Governmental sources by contract or by personnel appointment to support or improve agency policy development, decision making, management, and administration, or to support or improve the operation of management systems.

Scope and Objective: OIG will evaluate USIA's progress in instituting effective management controls over the use of contracted advisory and assistance services and in improving the accuracy and completeness of contract information provided to the Federal Procurement Data System.

Anticipated Start Date: 1st quarters FY 1995 and FY 1996

C6 - Radio Czech Europe (RCE)

Background: On July 1, 1994, Radio Czech Europe was established as a Delaware nonprofit corporation to provide radio programming services to Radio Free Europe/Radio Liberty (RFE/RL) in exchange for certain funding and other considerations. RCE has been authorized to receive Federal funding until October 1, 1995 at which time it is expected that RCE will secure sufficient private funding to sustain its activities. RFE/RL has agreed to provide RCE \$2 million for its programming services until October 1, 1995. In addition, RFE/RL is providing RCE all equipment and resources necessary to produce its programming services such as computers, office equipment and newswires. It is estimated that over \$2 million worth of equipment will be provided to RCE by RFE/RL. The ownership of such property will remain with RFE/RL.

Scope and Objective: OIG will assess RCE's controls over its financial and physical resources, with specific attention to property loaned to RCE by RFE/RL. OIG will also assess RCE's progress in achieving privatization.

The Board of International Broadcasting, OIG review will be conducted in Prague and Munich.

Anticipated Start Date: 2nd quarter FY 1995

C6 - Open Media Research Institute

Background: The Open Media Research Institute (OMRI) is an independent research organization with the mission of providing a broad range of research and information services regarding developments in Eastern Europe and the former Soviet Union. It was incorporated in the District of Columbia on June 30, 1994 as a nonprofit corporation. OMRI will combine the activities of the former RFE/RL Research Institute with those of the Soros Foundation funded by the Open Society Institute. OMRI will receive RFE/RL's priceless archives under a 50 year loan agreement. The archives will remain the property of the United States Government. OMRI will be located in Prague, although historical archival material will be stored with the Central European University in Budapest. RFE/RL will be responsible for moving the resources of the Research Institute to Prague as well as providing an estimated \$10 million in operational support during fiscal year 1995. In the future, RFE/RL will annually provide OMRI approximately \$5 million under a service agreement for products delivered. The Open Society Institute will fund OMRI's post-fiscal year 1996 expenses.

Scope and Objective: OIG will review OMRI's system of internal controls to ensure accountability and control of assets and property purchased with United States Government funds. OIG will also review OMRI's accounting system to ensure accountability and proper segregation of grant and private funds. In addition, OIG will review the security and storage of the archival material.

The review will be conducted by the Board of International Broadcasting OIG, in Munich, Prague, and Budapest.

Anticipated Start Date: 2nd quarter FY 1995

C7 - Radio Warsaw Europe

Background: On July 1, 1994, Radio Warsaw Europe (RWE) was established as a Delaware nonprofit corporation to provide radio programming services to Radio Free Europe and Radio Liberty (RFE/RL) in exchange for certain funding and other considerations. RWE has been authorized to receive federal funding until October 1 1995, at which time it is expected that RWE will secure sufficient private funding to sustain its activities. RFE/RL has agreed to provide RWE \$2 million for its programming services until October 1995. In addition, RFE/RL is providing RWE all equipment and resources necessary to produce its programming services such as computers, office equipment and newswires. It is estimated that over \$2 million worth of equipment will be provided to RWE by RFE/RL. The ownership of such property remains with RFE/RL.

Scope and Objective: OIG will assess RWE's controls over its financial and physical resources with specific attention to property loaned to RWE by RFE/RL. OIG will also assess RWE's progress in achieving privatization.

The review will be conducted in Prague and Munich.

Anticipated Start Date: FY 1996.

Other relevant fiscal year 1994 assignments that are still in progress include:

- **Financial Automated Data Processing System Review**

USIA's Bureau of Management is deciding whether to upgrade or replace its existing automated core accounting system. The decision will be made following

completion of a detailed functional and cost benefit analysis. OIG is reviewing the system documentation, life cycle management, and the various options for improving USIA's financial management system.

- **Grants Management Followup**

USIA annually awards over 400 grants valued at over \$200 million for educational and cultural exchanges with other countries. In a 1990 OIG audit report, OIG identified significant deficiencies in USIA's management of those grants. A review of the actions taken in response to OIG's recommendations is in process.

- **USIS Rangoon - Internal Control of Administrative Functions**

In January 1994, a newly arrived public affairs officer found over \$100,000 in local currency stored in a locked file cabinet. He also found that all petty cash transactions for the preceding three months had been paid from these funds. OIG initiated a review in response to a request from USIA's cognizant Area Office to determine the adequacy of internal controls over administrative functions in Rangoon, particularly those related to the English teaching program.

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D - Compliance With Laws, Regulations and Grant and Contract Terms

To determine if USIA, its grantees and contractors comply with all applicable laws, regulations, grant and contract terms.

Activities planned for fiscal year 1995 and 1996 will address the following:

D1 - Preawards and Closeout Audits of Grantee and Contractors; Indirect Cost Rate Reviews

D2 - Office of Management and Budget Circular A-133 Audit Oversight

D3 - Compliance With Lobbying Restrictions

D1 - Preawards and Closeout Audits of Grantees and Contractors; Indirect Cost Rate Reviews

Background: Prior to the award of a grant or contract, USIA's contracting office may request a review of the prospective grantee's accounting system to determine if the grantee's accounting system and practices are adequate and suitable. USIA also needs to assure that the charges proposed and the amount actually spent for the service or product, both direct and indirect, are fair and reasonable.

Scope and Objective: OIG will conduct reviews and audits to determine whether prospective grantees' accounting systems and practices for accumulating costs are adequate and suitable, and whether actual charges to grants and contracts comply with grant terms and conditions.

Anticipated Start Date: As requested by USIA's Office of Contracts

D2 - Office of Management and Budget Circular A-133 Audit Oversight

Background: Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," requires that recipients of federal funds arrange for audits by independent auditors and that the cognizant agency for the grantee review the quality of those independ-

ent audits and reimburse the recipient for the cost of the audit. OIG, as the cognizant USIA office responsible for such reviews must approve A-133 audit reports before USIA can reimburse the recipient.

Scope and Objective: OIG will conduct desk reviews on the quality of independent audits required by Office of Management and Budget Circular A-133. OIG may also selectively perform quality control reviews of the audits for which USIA is the cognizant agency to assess compliance with established auditing guidelines by recipients of federal funds.

Anticipated Start Date: Continuous

D3 - Compliance With Lobbying Restrictions

Background: Title 31 of the United States Code, Section 1352, "Limitations on the Use of Appropriated Funds to Influence Certain Federal Contracting and Financial Transactions," generally prohibits recipients of federal contracts, grants, loans, or cooperative agreements from using appropriated funds for lobbying purposes regardless of the dollar value. Further, applicants for contracts, grants, or cooperative agreements of over \$100,000 or for loans over \$150,000, must provide certification to the awarding agency that they will not use appropriated funds to lobby. In addition, the law requires disclosure to the awarding agency of any lobbying with nonappropriated funds. The penalties for lobbying with appropriated funds and for not declaring lobbying with nonappropriated funds range from \$10,000 to \$100,000.

Each Inspector General is required to submit to Congress an annual evaluation of compliance with and the effectiveness of those requirements.

Scope and Objective: The OIG review will evaluate USIA's compliance with the requirements of Title 31 of the United States Code, Section 1352. The review will include analyzing management controls established to ensure compliance. In addition, OIG will sample contract and grant files to assure that the required certifications were included in contract and grant agreements.

Anticipated Start Date: 1st quarters FY 1995 and FY 1996

Other relevant fiscal year 1994 assignments that are still in progress include:

- **Office of Contracts - Questioned Costs**

Grants officers in USIA's Office of Contracts are responsible for resolving costs questioned by OIG in audits of grants. OMB Circular A-50 and USIA's Manual of Operations and Administration established policies and time limits for audit resolution. OIG is conducting a review to evaluate the performance of the USIA Office of Contracts in resolving questioned costs.

- **Festival Operating Company**

USIA awarded a \$1 million grant to the Festival Operating Company to organize a series of performing arts programs in the former Soviet Union. OIG is conducting a review to determine whether actual expenditures made by the Festival Operating Company were in accordance with the terms and conditions of the USIA grant.

- **Greater Buffalo Athletic Corporation**

The Greater Buffalo Athletic Corporation was awarded a \$5 million grant to assist in conducting the 1993 World University Games. OIG is conducting a review to determine the appropriateness of costs claimed by the grantee.

- **National Endowment for Democracy - Financial Activities**

OIG is required by Congress to conduct reviews of the National Endowment for Democracy's financial activities. The on-going review will assess the organization's financial oversight of its grantees and will determine whether past deficiencies have been corrected.

- **Incurred Costs**

Reviews of costs claimed under grants with USIA are in process for the following grantees:

- National Council for International Visitors
- American-Mideast Educational and Training Services, Inc.
- American Council of Learned Societies

- Graduate School United States Department of Agriculture
- African-American Institute
- National Committee on US-China Relations
- George Meany Center for Labor Studies
- American Library Association
- Council of International Programs
- National Association for Foreign Student Affairs

• **OMB Circular A-133 Oversight**

Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," requires that recipients of federal funds arrange for audits by independent auditors. OIG reviews of 72 such audits are in progress.

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